

THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

An Agency Profile Prepared by the
Legislative Fiscal Division

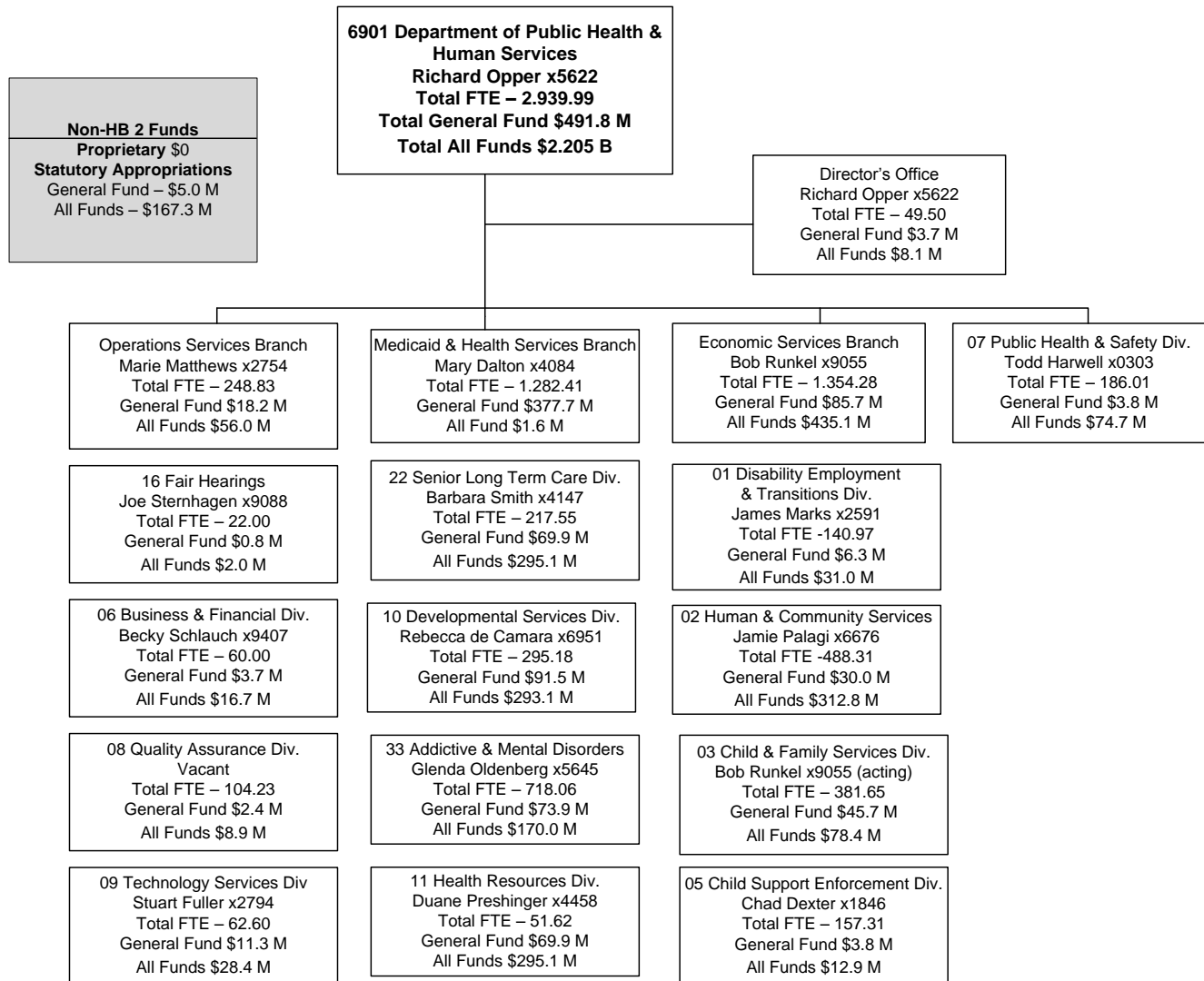
November, 2016



INTRODUCTION

The Department of Public Health & Human Services (DPHHS) mission is: Improving and protecting the health, well-being and self-reliance of all Montanans.

Below is an organizational chart of the branch, including full-time employee (FTE) numbers, HB 2 base general fund appropriations, and the total of all funds. Unless otherwise noted all phone extensions are preceded by (406) 444.



HOW SERVICES ARE PROVIDED

Services administered by DPHHS include: public assistance, Medicaid, foster care and adoption, nursing home licensing, long term care, aging services, alcohol and drug abuse programs, mental health services, vocational rehabilitation, disability services, child support enforcement activities, and public health functions (such as communicable disease control and preservation of public health through chronic disease prevention).

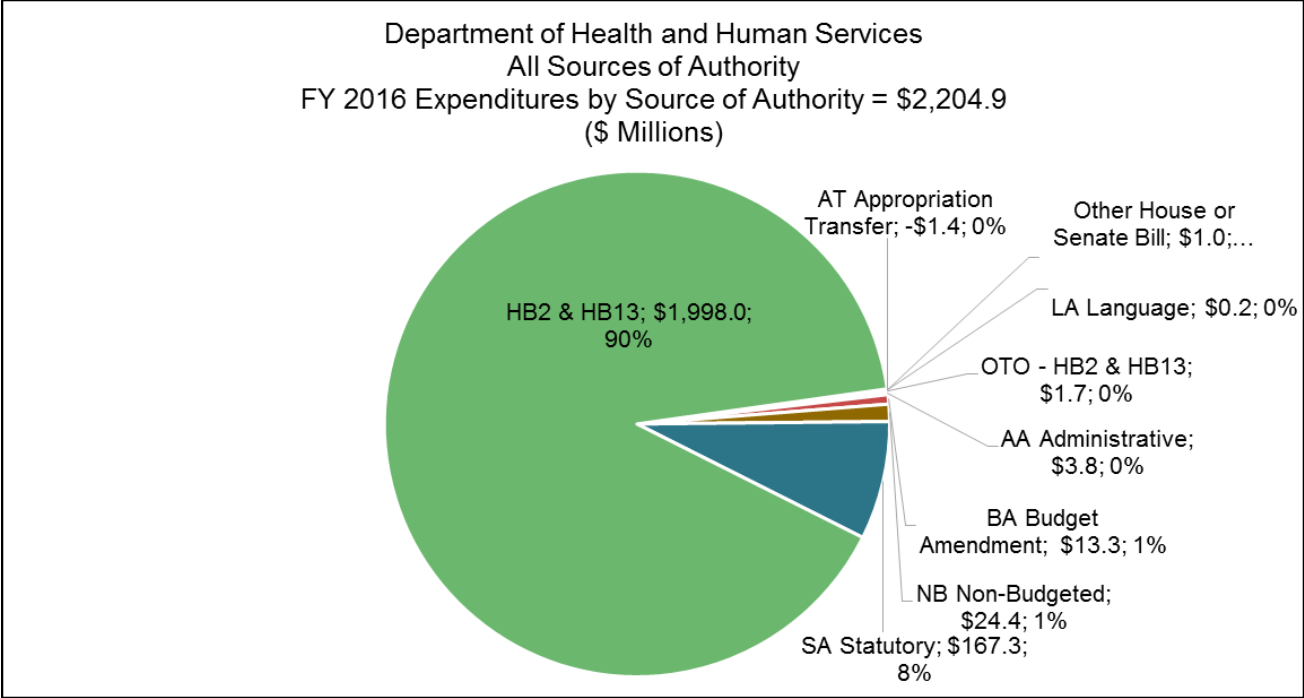
The department is also responsible for all state facilities except correctional institutions. DPHHS facilities include: Montana State Hospital, Warm Springs; Montana Mental Health Nursing Care Center,

Lewistown; Montana Chemical Dependency Center, Butte; Eastern Montana Veterans' Home, Glendive; Montana Veterans' Home, Columbia Falls; and the Montana Developmental Center, Boulder. The Montana Developmental Center will close and discontinue operations by June 30, 2017 per SB 411. Clientele from this facility will be moved into community based settings.

DPHHS administers programs by contracting for and through direct provision of services. Most Medicaid, Healthy Montana Kids (HMK), child care, and other services that directly benefit low income individuals are delivered by contractors enrolled in provider networks with DPHHS. Other services, such as low income energy assistance, out-of-home foster care, and development and maintenance of larger computer systems, are provided by businesses that contract with the department. A significant component of foster care services is provided by families who contract with DPHHS. A number of DPHHS programs employ staff who provide services directly to clients/consumers including: child and adult protective services; eligibility determination; child support enforcement and collection; and some case management functions. In addition, DPHHS operates six state facilities that provide medical care to individuals.

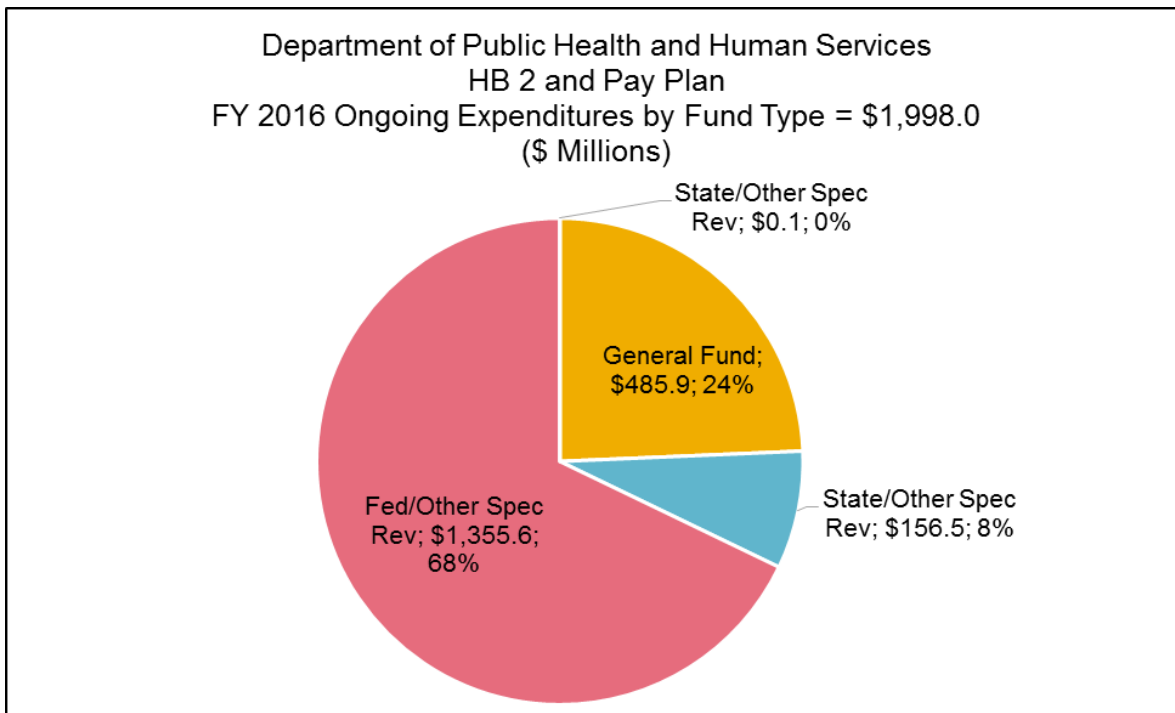
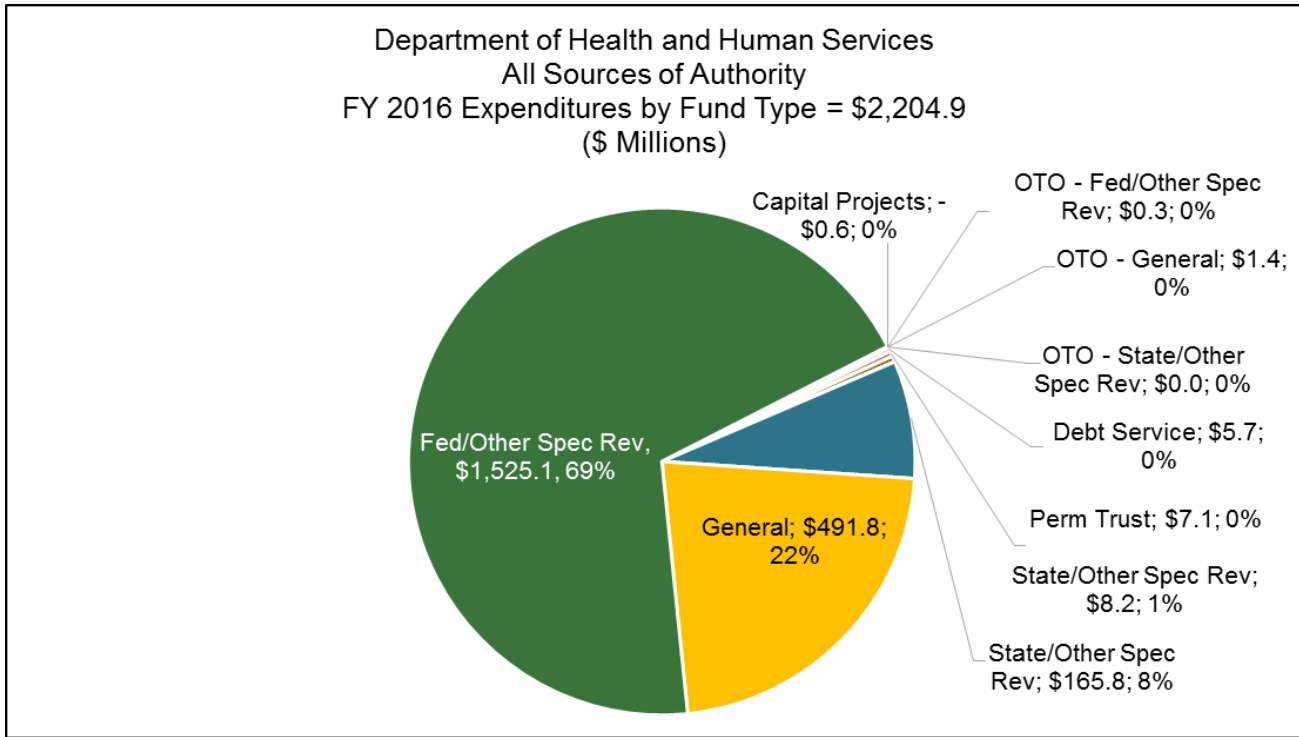
SOURCES OF SPENDING AUTHORITY

The following chart shows the sources of authority that were expended in FY 2016



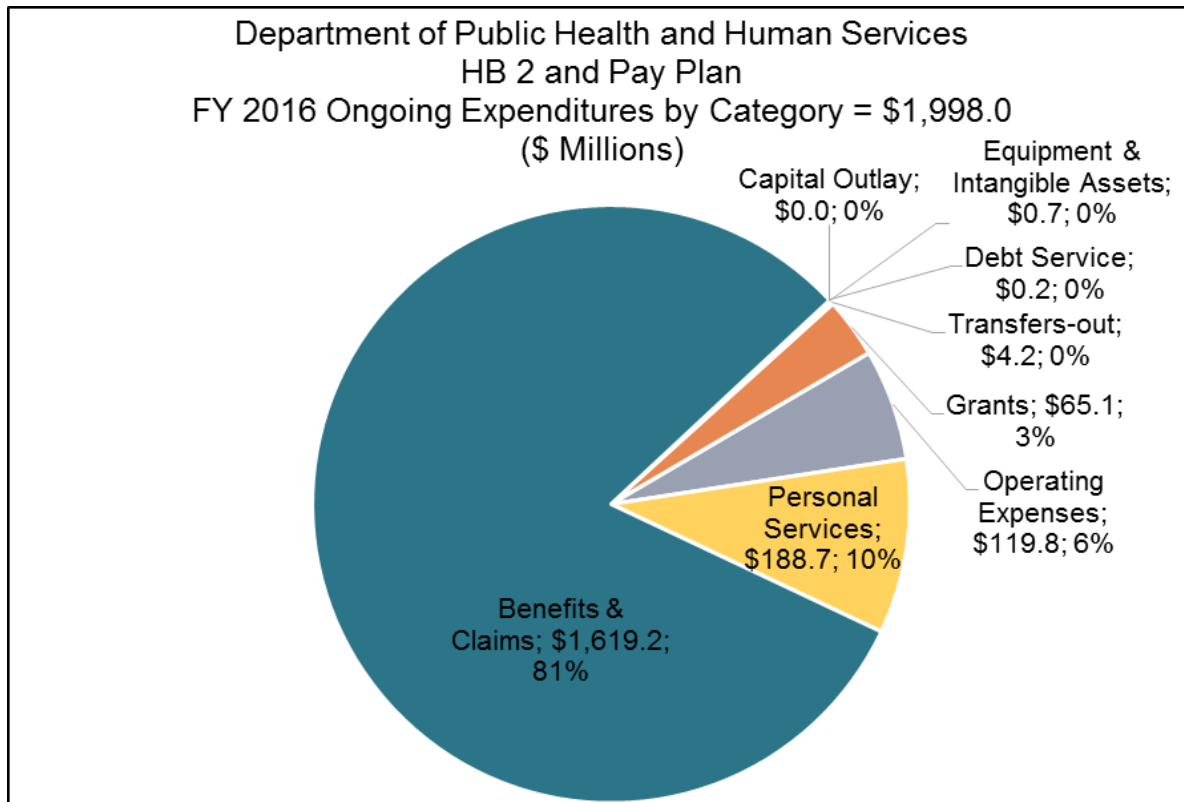
FUNDING

The following charts show the agency's HB 2 & Pay Plan funding authority by fund type and all sources of its total funding authority. DPHHS is primarily funded with Federal funds. The second largest contributor comes from the general fund, followed by state special revenue funds.



EXPENDITURES

The chart below explains how the HB 2 authority is spent. The majority of expenditures are for benefits and claims, which are services provided to individuals who meet specific eligibility criteria. Medicaid services accounted for \$1.2 billion of the total \$1.6 billion in expenditures for benefits and claims.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

DPHHS expenditures are driven by the number of persons receiving or eligible to receive services, the cost of those services, and in some cases the availability of federal grant funds to address specific issues. In order to change expenditure levels and/or DPHHS activity, the legislature must address one or more of the following policies that drive costs:

- Who will receive services
- The level of services that will be provided
- In some instances, the amount paid for a unit of service
- Program management of DPHHS

Major Cost Drivers

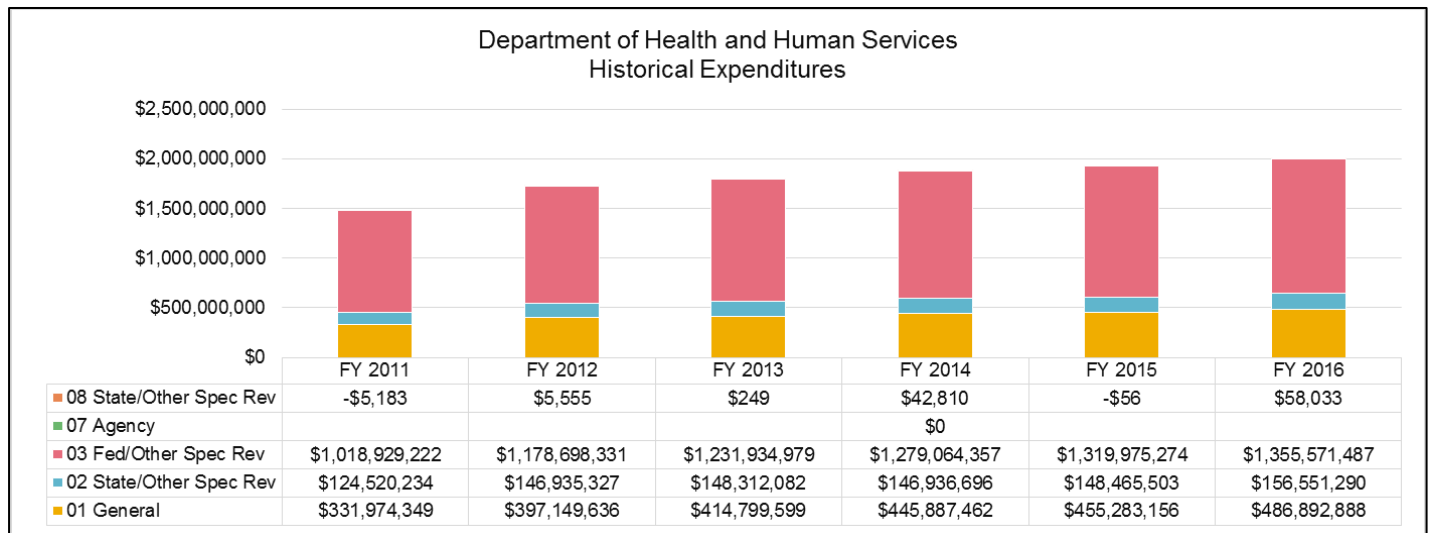
DPHHS Cost Drivers						
Program	FY 2008		FY 2012		FY 2016	
	Annual Cost Units or Users	Annual Cost per Unit or User	Annual Cost Units or Users	Annual Cost per Unit or User	Annual Cost Users in Feb. 2016	Annual Cost per Unit or User
Medicaid Services: Total	\$768,093,083	\$9,611	\$933,731,545	\$9,236	\$1,187,176,754	\$8,533
Avg. Users/Month	79,914		101,095		139,129	
Medicaid Services: Children	\$159,773,031	\$3,649	\$216,206,988	\$3,529	Data not yet available	
Avg. Users/Month	43,785		61,264			
Medicaid Services: Adults	\$79,282,820	\$6,905	\$97,603,024	\$7,571	Data not yet available	
Avg. Users/Month	11,482		12,891			
Medicaid Services: Disabled	\$354,968,219	\$19,122	\$417,491,132	\$20,856	Data not yet available	
Avg. Users/Month	18,563		20,018			
Medicaid Services: Aged	\$174,069,013	\$28,611	\$202,430,401	\$29,244	Data not yet available	
Avg. Users/Month	6,084		6,922			
Medicaid Services: HELP Act					\$158,569,600	\$7,400
Users in Feb. 2016					42,857	
TANF Cash Assistance	\$15,186,912	\$4,791	\$19,354,889	\$5,897	Data not yet available	
Avg. Cases/Month	3,170		3,282			
SNAP (Food Stamps)	\$93,488,662	\$2,655	\$195,440,925	\$3,317	Data not yet available	
Avg. Households/Month	35,210		58,918			
Childcare Subsidy	\$20,432,392	\$3,275	\$24,684,190	\$2,384	Data not yet available	
Avg. Children/Month	6,238		10,352			

The cost driver table above illustrates several of the many ways in which Montanans utilize DPHHS services. It also demonstrates the use of various services and the cost of such services can change over time.

Consider Medicaid services, which (excluding the HELP Act) made up about \$1.2 billion of the DPHHS total budget of \$2.1 billion in FY 2016: while total annual costs and monthly enrollees have increased over time, per user costs have decreased since 2009. Per user Medicaid costs have decreased due to an increasing proportion of enrollees that are children or non-disabled adults, enrollee categories which have relatively low average costs per user. The HELP Act of 2015 significantly expanded Medicaid enrollment in the state starting in January of 2016, largely among non-disabled, childless, low-income adults. Note that the per-user annual costs for aged and disabled Medicaid enrollees are much higher than enrollees in other categories.

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BASE BUDGET

The following chart shows the historical change in the department's base budget authority.



MAJOR LEGISLATIVE CHANGES IN THE LAST 10 YEARS

2015 Session

- Passed the HELP Act to approve Medicaid expansion, with a 2019 sunset
- Passed a 2% annual provider rate increase and additional rate increases for some direct care workers
- Increased mental health community services and provided for the addition of a wing for dementia services at the Montana Mental Health Nursing Care Center, and expansion of the forensic wing and for staff and operating cost support for a new group home at the Montana State Hospital
- Expanded state sponsored mental health facility services

2013 Session

- Funded a 2.0% annual provider rate increase, with additional increases for selected providers
- Approved implementation of the Community First Choice Option for services for elderly and disabled persons funded with an enhanced federal Medicaid match rate
- Added funds to increase community services for disabled persons and partially offset reductions in those services made by DPHHS to contain cost overruns
- Changed the TANF eligibility standards to 30% of the 2011 FPL

2011 Session

- Provided funding for the Health Insurance Flexibility and Accountability (HIFA) waiver to move up to 800 low income persons with a severe and disabling mental illness from a limited state funded services to a Medicaid funded mental health and physical health
- Revised the medical marijuana laws with the passage of SB 423

2009 Session

- Appropriated funds to implement Healthy Montana Kids voter initiative, which:
 - Raised eligibility to 250% of the federal poverty level for CHIP services

- Elimination of household assets
- Created a state special revenue account to fund expanded enrollment by diverting 16.5% of the insurance premium tax proceeds from the general fund to the account
- Used general fund freed up due to the enhanced federal Medicaid match per the American Recovery and Reinvestment Act (ARRA) of 2009 for:
 - One-time provider rate increases
 - Additional community aging services
- Increased benefit levels for TANF to 33% of the 2009 federal poverty level (FPL)
- Raised the TANF eligibility standard to 30% of the 2009 FPL through September 30, 2010, when ARRA funds terminated
- Funded jail diversion mental health crisis community services

For more information, please visit the agency's website, here: <https://dphhs.mt.gov/>.